



**INDUSTRY
ADVISORY**

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INFORMATION TO ASSIST OUR REGISTRANTS

Service Contract Sellers, Administrators Affected by Changes in Law

Starting in 2004, California law has expanded the list of products covered by California consumer protection standards for service contracts, and contract sellers and administrators have some new options.

These changes in the law mean more service contract sellers and administrators should be registered with the California Department of Consumer Affairs' Bureau of Electronic and Appliance Repair (BEAR).

Sellers and administrators of service contracts for the following products must be registered with BEAR:

- furniture
- lawn and garden equipment
- home health care products
- electronic equipment
- phone equipment
- fitness equipment
- small kitchen appliances and tools
- major home appliances
- power tools
- jewelry

There are some new options for sellers and administrators:

- Proof of financial responsibility can be provided with a financial statement showing net worth above \$100 million.
- Contracts can include provisions for incidental payment of indemnity – up to \$250 annually – for limited circumstances such as power surges, food spoilage or handling damage.

*See the BEAR
Web site at
www.bear.ca.gov
for details and
additional
requirements, or
contact the
Bureau for
assistance.*

Contract sellers and administrators with California customers continue to have responsibilities under state consumer protection laws, including:

- Businesses that sell or administer service contracts in California for many consumer products must be registered with BEAR and provide required information.
- Sellers and administrators must provide evidence of appropriate financial backing for the service contracts issued.
- Service contract forms must be filed with the Bureau.
- Administrators and sellers must comply with applicable laws and regulations.